

Why Congress Should Provide a Substantial, One-Time Increase in HOME Program Funding in Response to the COVID-19 Pandemic



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Summary

The HOME Investment Partnerships (HOME) program is the most flexible affordable housing program Congress has ever enacted, and can be used by states and local governments to respond to the diverse housing needs that are impacting our nation because of the coronavirus. HOME can be used to fund multifamily construction, tenant-based rental assistance, homeowner assistance, down payment help, and more. While housing needs are different in different places, HOME's flexibility means all of these needs can be met with this single resource, making HOME an excellent supplement to other affordable housing resources Congress might provide to address our nation's affordable housing needs in the wake of the pandemic. NCSHA supports a substantial, one-time increase in HOME funding so that states and localities will have flexible resources available to respond to their unique housing challenges.

Questions and Answers

Why do we need supplemental HOME program funding?

- One of the primary ways that state and local governments use HOME funds is as part of the "capital stack" financing for affordable multifamily developments. Properties currently in the development pipeline are facing significant cost increases resulting from the economic fallout from the COVID-19 pandemic. Material shortages, shipping interruptions, delays to permitting and local approvals, and unexpected costs associated with worker and resident safety related to social distancing are all contributing to unanticipated, significant project cost increases. HOME is the go-to resource for filling these financing gaps and getting properties back on track.
- Supplemental HOME resources could also be used to fund operating assistance for property owners, who are faced with unanticipated operating expenses associated with the COVID-19 pandemic. Specifically, costs are increasing for cleaning and sanitizing buildings, tenant health and safety, and hazard pay for on-site management staff.
- HOME also can be used to provide tenant-based rental assistance (TBRA). HUD has already published waivers of certain requirements to adapt HOME TBRA assistance rules to the challenges states and local governments are facing due to COVID-19. While a separate, dedicated rental assistance program is also needed—NCSHA strongly supports the proposal to provide \$100 billion in emergency rental assistance through the Emergency Solutions Grant program—HOME TBRA can also be used to help tenants who will be struggling to make rent due to job losses stemming from the pandemic.
- HOME homeowner help will also be important in response to the pandemic. As families seek to care for elderly relatives at home rather than having them in nursing homes, HOME homeowner rehabilitation help will be important for making homes accessible. HOME loans can also assist with refinancing and down payment programs.

Are the housing resources Congress provided in the CARES Act enough?

- Congress provided approximately \$12 billion in HUD program funding in the Coronavirus Aid, Relief, and Economic Security (CARES) Act. While these resources are a critical first step, housing needs resulting from the pandemic will require a far larger federal investment. Tens of billions or more will likely be needed for rental assistance alone, let alone capital resources and homeowner help. Moreover, none of the money Congress provided in the CARES Act was directed to the HOME program.
- Additional HOME funding would complement existing and potential further resources in other HUD programs, which Congress may provide in future coronavirus response bills.

How much supplemental HOME funding do we need?

- The amount of HOME funding needed will depend on the length and scope of the housing crisis and how much funding Congress provides to other affordable housing programs. While we have no way of knowing how long the economic crisis will last, we know that HOME resources are needed now for the immediate response, and will be needed later as we look to recovery.